UNITED NATIONS

UNFCCC Framework Convention on Climate Change

Distr.
GENERAL

FCCC/SB/2000/6
3 August 2000

Original: ENGLISH

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Thirteenth session
Lyon, 11-15 September 2000
Item 6 of the provisional agenda

SUBSIDIARY BODY FOR IMPLEMENTATION
Thirteenth session
Lyon, 11-15 September 2000
Item 6 of the provisional agenda

ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE

Fourth synthesis report and draft revised uniform reporting format

Note by the secretariat

CONTENTS

		Paragraphs	Page
I.	INTRODUCTION	1 - 4	3
A.	Mandate	1 - 2	3
B.	Scope of the note	3	3
C.	Possible action by the subsidiary bodies	4	3
II.	FINDINGS	5 - 16	4

GE.00-62777

Page

Annexes

I. Figure 1. Number and regional distribution of AIJ host Parties, 1997-2000 7

Figure 2. Number and regional distribution of AIJ project activities, 1997-2000 7

Figure 3. Regional distribution of AIJ project activities by type, 2000 8

Figure 4. Number of AIJ project activities and quantity of greenhouse gases reduced or sequestered by type, 2000 8

II. Draft revised uniform reporting format for activities implemented jointly under the pilot phase[1]

[1] Annex II to this document is contained in an addendum, document FCCC/SB/2000/6/Add.1.

I. INTRODUCTION

A. Mandate

1. At its first session, the Conference of the Parties (COP) decided to consider annually a synthesis report on the pilot phase of activities implemented jointly (AIJ) to be prepared by the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA), with the assistance of the secretariat (decision 5/CP.1). At its fifth session, the Conference of the Parties, taking note of the results of the comprehensive review of the pilot phase undertaken by the subsidiary bodies, decided to continue the AIJ pilot phase as established by decision 5/CP.1 (decision 13/CP.5). It encouraged Parties to report on AIJ project activities using the uniform reporting format (URF) by 30 June 2000.

2. By the same decision, the COP invited Parties to submit proposals for the improvement of the draft revised URF contained in document FCCC/SB/1999/5/Add.1 by 31 March 2000. It also requested the secretariat to prepare a further draft revision of the URF and a set of guidelines for its use, for consideration by the SBSTA and the SBI at their thirteenth sessions.

B. Scope of the note

3. This document contains the fourth synthesis report on activities implemented jointly under the pilot phase and, in its annexes, the graphs referred to in the text and the draft revised URF.[2] It provides a synthesis of the most recent information available for AIJ project activities, including 88 reports with updates or new projects, received within the deadline of 30 June 2000 and reported in accordance with the reporting framework for the AIJ pilot phase.[3] Annex 2 takes into account suggestions by six Parties on the draft revised URF contained in document FCCC/SB/1999/5/Add.1. A short explanatory note and a table indicating the suggested changes in structure and content precede the draft revised URF.

C. Possible action by the subsidiary bodies

4. At the thirteenth sessions of the subsidiary bodies, Parties may wish to:

(a) Take note of the fourth synthesis report;

(b) Recommend to the COP the consideration, and possibly the adoption, of the revised URF.

---

[2] Annex II to this document is contained in document FCCC/SB/2000/6/Add.1.

[3] Only two AIJ project activities between the same host and investor Parties are reported on separately. The remaining activities are reported jointly as accepted, approved or endorsed by the relevant designated national authorities including proof, under official letterhead, of concurrence, approval, acceptance or endorsement of the information by all other Parties involved.

II. FINDINGS

5. **The number of AIJ project activities and Parties involved in AIJ** continued to increase from the year 1999 to the year 2000. By 30 June 2000, information was available on a total of 140 AIJ project activities.[4] This meant that there were 18 new AIJ project activities, representing a 15 per cent increase over 1999. Of these 18 additional projects, 14 were hosted by non-Annex I Parties and four by Parties with economies in transition (EIT). All in all, about a quarter of the Parties to the Convention are now engaged in the AIJ pilot phase. Of the 48 (44)[5] Parties involved, 37 (33) Parties are hosting and 11 (11) are investing in AIJ project activities. Amongst hosts, the number of non-Annex I Parties has increased to 26 (22) Parties or 70 per cent of the total (see annex I, figure 1).

6. With the recent increase in AIJ, **the distribution of projects between Annex I and non-Annex I host Parties** is gradually changing in favour of the latter, although EITs still account for more projects. Whereas in 1997, Parties with economies in transition hosted 70 per cent of AIJ projects, their share has now decreased to 59 (65) per cent (see annex I figure 2). Conversely, the share of AIJ project activities in non-Annex I Parties now slightly exceeds the 40 per cent margin. The **distribution amongst the three regional groups within non-Annex I Parties** has hardly changed. The Latin America and the Caribbean region (LAC) still hosts two thirds of all AIJ project activities in non-Annex I Parties, while the Asia and Pacific region as well as Africa account for 25 (21) and 11 (12) per cent, respectively. Within the LAC region, Costa Rica leads with nine (eight) projects, Mexico and Bolivia have five and Honduras four activities each. Chile hosts three, and Argentina, Belize, Ecuador and Guatemala two projects each. El Salvador, Nicaragua and Panama have one project each. In the Asia and Pacific region, there has been an increase from nine to 14 projects within one year, involving Bhutan, China, Fiji, India, Indonesia, Solomon Islands, Sri Lanka, Thailand and Viet Nam. In the African region, South Africa hosts two (one) projects, and Burkina Faso, Mauritania, Mauritius and Morocco have one each. Of the AIJ projects carried out in Annex I Parties, more than half continue to be concentrated in two EIT countries, 24 in Latvia and 21 in Estonia.[6]

7. Regarding the **types of AIJ project activities,** the 18 newly reported projects in the year 2000 are, with one exception, in the area of energy or related to the capturing of fugitive gas. The distribution by type[7] is therefore now as follows: 58 (49) in energy efficiency; 49 (46) in renewable energy; seven (four) in fugitive gas capture; nine (seven) in fuel switching; two (two) in agriculture; two (two) in afforestation; and 13 (12) in forest preservation or restoration or in reforestation. In spite of the recent addition of 13 non-forestry projects in non-Annex I host

---

[4] The detailed list of projects with links to the respective reports is available on the UNFCCC CC:INFO/AIJ web site (http://www.unfccc.de/program/aij/aijproj.html).

[5] Unless otherwise indicated, figures in parentheses refer to 1999 values contained in the third synthesis report (FCCC/SB/1999/5 and Corr.1 and Add.1).

[6] In analysing the distribution of projects by type of activity and their impact on greenhouse gas (GHG) emissions, it should be borne in mind that a significant number (54) of small activities of a similar type are being carried out in three host Parties. These projects are in the areas of energy efficiency (mainly improvement of municipal/district heating systems) and renewable energy (conversion to bio-fuel boilers). These projects are small in terms of investment as well as in their GHG impact, and other projects have clustered such activities and reported them in an aggregated manner as one project.

[7] It should be noted that, due to their scope, some projects could be classified in several categories.

Parties, the **geographic distribution by type of activity** has not changed significantly: forestry projects are mainly being implemented in non-Annex I and energy-related activities in Annex I host Parties (see annex I, figure 3).

8. Another interesting indicator is **the variety of experience gained by host Parties**. One EIT country is gathering experience with five different types of activities, three hosts in the LAC region have four different project types each, while two EIT countries and one LAC country gain experience with three different project types. Thirteen hosts are involved in two project types each. The remaining 17 hosts have just one type of activity.

9. If the type of activity is related to the share of estimated **greenhouse gas (GHG) emissions reduced or sequestered** (in CO_2 equivalent), a marked change can be noted. Due to the addition of fugitive gas projects, the share of energy-related projects in terms of estimated GHG impact increased to 61 (35) per cent of the 127 (108) AIJ project activities for which information is available.[8] This means that the share of forest-related projects decreased from 65 per cent in 1999 to 38 per cent in 2000. The detailed sectoral distribution is contained in annex I, figure 4.

10. Regarding the **real, measurable and long-term environmental benefits related to climate change that would not have occurred in the absence of the AIJ project activity,** experience is accruing and the level of reporting improving. For the first time, differences in defining the baseline for a project have emerged. In one case, the difference resulted from a variance in the definition of the GHG emitting source and, in the other case, from assumptions made on activity data and default values. Also for the first time, two options were reported regarding the projected GHG emissions of an AIJ project activity: the use of a methodology of the Intergovernmental Panel on Climate Change resulted in a substantially lower value than the use of a "project-specific" approach (17,000 tons as compared to 42,000 tons annually). Due to the fact that most projects are at an early stage of implementation, the currently reported **actual emission reductions** are very small, approximately one per cent of the total estimated GHG reductions or removals expected from the AIJ projects under way.

11. In general, there is a marked improvement in the homogeneity, scope, detail and structure of **reporting.** With a few exceptions, new AIJ project activity reports used the URF adopted by the SBSTA at its fifth session.[9] Reports continued to vary, however, in terms of their structure, completeness and coverage.

12. Regarding **financing,** it was reported that one investor Party has agreed that the repayment of its loan, granted at a preferential rate, can be transferred into a revolving fund of the host Party which serves to finance further national GHG mitigation projects.

13. Regarding **national AIJ programmes**, no additional Parties submitted information. Some Parties provided updates on activities contained in earlier reports. Detailed information on some of these programme reports is available in electronic format on the UNFCCC web site.[10]

---

[8] One afforestation, eight energy efficiency, three fuel switching and one fugitive gas capture project did not provide data.

[9] FCCC/SBSTA/1997/4.

[10] http://www.unfccc.de/program/aij.

14. Concerning **financial additionality**, **capacity-building** and **knowledge on AIJ,** the findings are similar to those of previous synthesis reports. The earlier conclusion is confirmed that host Parties which set up an AIJ unit appear to be more successful in attracting financial resources and in ensuring their utilization in priority areas of national development. The increasing number of AIJ project activities and, even more so, of Parties involved in AIJ is providing ever greater opportunities for "learning-by-doing". This results in an enhanced understanding of, *inter alia,* the complexities in setting baselines, the management of AIJ project activities and national institutional processes. Parties may wish to consider how such "learning-by-doing" can be further developed and how Parties can best share experience.

15. For the following sections, no new information was provided and the findings contained in the third synthesis report remain valid: cost information, to the extent possible (A.4); mutually agreed assessment procedures (A.5); compatibility with, and supportiveness of, national economic development and socio-economic and environment priorities and strategies (C); benefits derived from the AIJ project (D); capacity-building, transfer of environmentally sound technology and know-how (G); and additional comments (H).

16. In conclusion, the review of 140 AIJ project activities suggests that a significant body of technical, operational and institutional capacity has been built in non-Annex I and Annex I Parties, among hosts and investors, during the AIJ pilot phase.

Annex I

Figure 1. Number and regional distribution of AIJ host Parties, 1997-2000

Figure 2. Number and regional distribution of AIJ project activities, 1997-2000

Figure 3. Regional distribution of AIJ project activities by type, 2000
(as a percentage of the total number of projects)

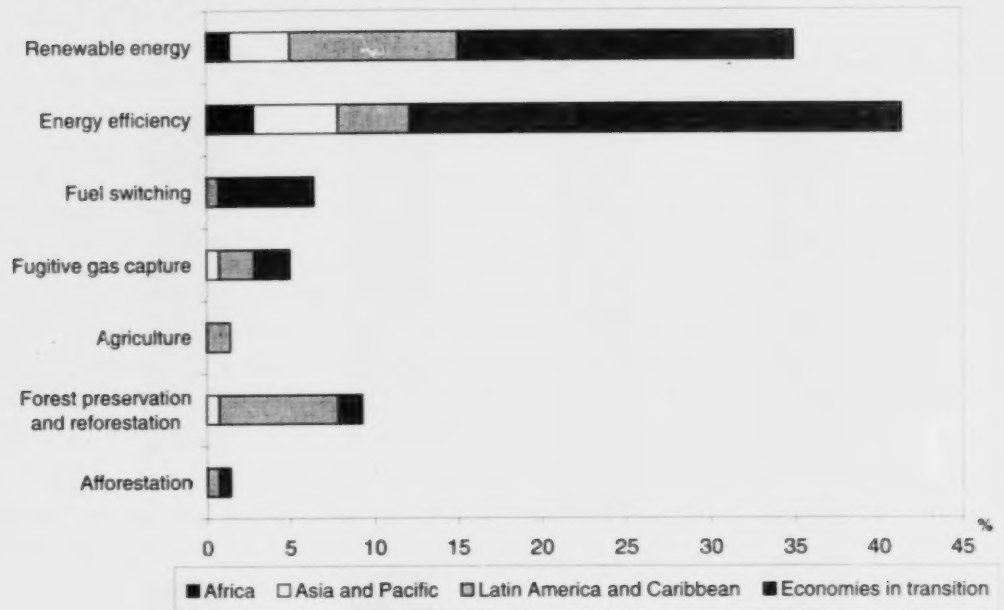
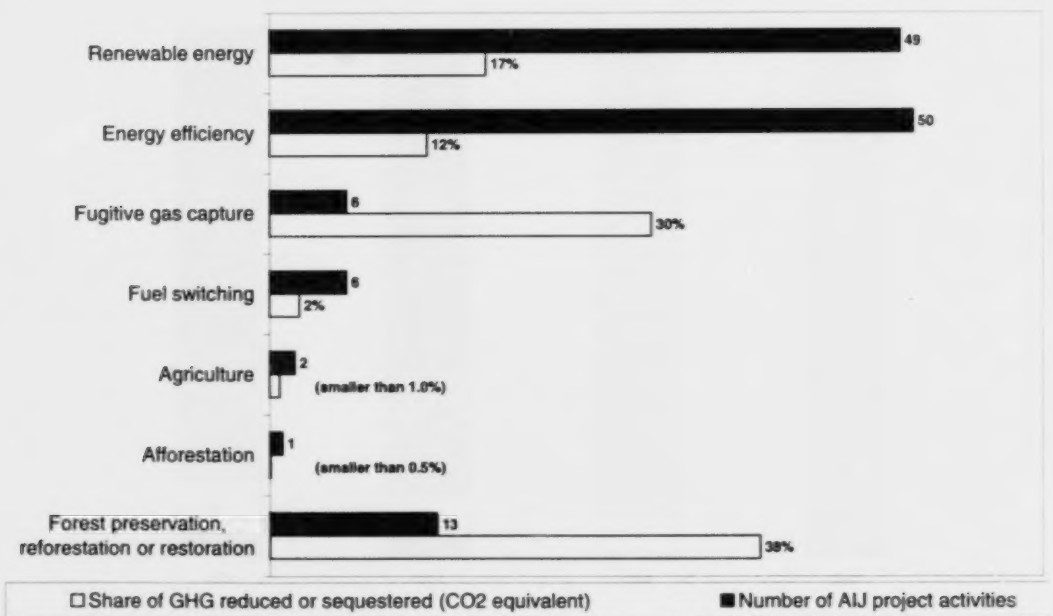


Figure 4. Number of AIJ project activities and GHG reduced or sequestered by type, 2000
(as a percentage of the total number of projects)



- - - - -